

FISCAL NOTE

Bill #: HB0581

Title: Require determination of convenience and necessity for gambling license

Primary Sponsor: Butch Waddill

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
-------------------	------	---------------------------------	------

Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	5,355	5,355
State Special Revenue	20,145	20,145
 Revenue:	 0	 0
 Net Impact on General Fund Balance:	 (\$5,355)	 (\$5,355)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. There will be protests sufficient to warrant hearings on seventeen (17) applications for gambling licenses per year.
2. Most of the hearings will be held outside of Helena and there will be travel expenses for the hearings officer and staff. Hearings will last just one day.
3. There will be additional contracted services costs (\$25,500) for a hearings officer to conduct the hearings and write a decision.

(continued)

4. The Department of Justice will contract for hearings officer services with the Department of Revenue.
5. Administrative costs are split 21 percent general fund and 79 percent state special revenue.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$25,500	\$25,500
<u>Funding:</u>		
General Fund (01)	5,355	\$5,355
State Special Revenue (02)	<u>20,145</u>	<u>20,145</u>
TOTAL	\$25,500	\$25,500

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$5,355)	(\$5,355)
State Special Revenue (02)	(\$20,145)	(\$20,145)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. If, as a result of this bill, fewer gambling establishments are licensed in some or all local jurisdictions, the amount of video gambling machine tax and permit fees distributed by the department to local governments may decrease.

TECHNICAL NOTES:

1. Unless this bill is amended to bring it in line with requirements for Liquor Licensing, a hearing would be required even if only one protest is received. The department recommends amending this bill to establish a minimum number of protests that must be received to precipitate a hearing. The standard for liquor license protest is 25% of the quota for all beverage licenses (16-4-203, MCA).
2. The criteria for determining convenience and necessity appear to be subjective in nature and will likely be difficult to apply.
3. Requiring a convenience and necessity evaluation for a gambling license applicant appears to be a duplication because 97% of the those holding a gambling license in this state also hold an on premise consumption liquor license, and liquor license applicants are also subject to a convenience and necessity evaluation.